

Service Date: November 4, 1977

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application)	UTILITY DIVISION
by THE MONTANA POWER COMPANY for)	
authority to increase rates for)	DOCKET NO. 6454
electric and natural gas service)	ORDER NO. 4350a
and requesting approval of)	
certain changes in the)	
regulations covering such)	
service.)	

ERRATA SHEET

Change Order No. 4350a to 4350b.

Service Date: November 1, 1977

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application)	UTILITY DIVISION
by THE MONTANA POWER COMPANY for)	
authority to increase rates for)	DOCKET NO. 6454
electric and natural gas service)	ORDER NO. 4350b
and requesting approval of)	
certain changes in the)	
regulations covering such)	
service.)	

FINDINGS OF FACT

1. On July 19, 1976, The Montana Power Company (Applicant) filed with the Public Service Commission (Commission) a "Complaint and Petition" which sought authorization to increase Applicant's electric rates by approximately \$47 million and natural gas rates by approximately \$21.1 million.

2. On September 30, 1976, Applicant transmitted to the Commission an application, based on forecast 1977 conditions, which sought rate increases of \$47,768,634 for electric service and \$20,902,859 for natural gas service. These amounts included \$15.8 million for electric service and \$6.8 million for natural gas service which were then pending in Applicant's rate increase request in Docket No 6348.

3. On June 9, 1977, the Commission issued Order No. 4350 in this Docket. This Order granted Applicant authority to temporarily increase its electric rates to produce \$13,090,000 in additional revenue, and to increase its gas rates to produce \$11,862,000 in additional revenue. These amounts were the revenue deficiencies determined by Consumer Counsel witness Hess for a 1976 adjusted test year.

4. At the close of the first phase of the public hearing in this Docket the Commission granted Applicant leave to revise its natural gas case in order to reflect the impact of known changes in its natural gas costs. Following the filing of testimony and exhibits reflecting what Applicant asserted to be known changes, a second phase of hearing was completed on September 28, 1977. Applicant at that time moved for a temporary increase in natural gas rates in an unspecified amount. Applicant subsequently requested a temporary increase in an amount ranging from the amount conceded by Consumer Counsel witness Hess to the full amount of its request which had not yet been granted. This request was opposed in a memorandum filed by the Consumer Counsel.

5. On October 25, 1977, the Commission conducted oral argument on Applicants motion.

6. In his prefiled testimony received in evidence at the

September 28, 1977 hearing, witness Hess stated that the gas cost changes resulted in a gas utility revenue requirement \$6,340,000 over that which he had previously determined. This increase results primarily from an increase in the price of Applicant's Canadian supply of gas. Effective September 21, 1977, the export price of Canadian gas is \$2.16 per Mcf.

7. Witness Hess testified that \$2,063,000 of his \$6,340,000 gas cost increase would be recovered under the purchase gas and royalty adjustment clauses of Applicant's industrial gas contracts.

8. The revised revenue deficiency determination of Mr. Hess now appears to be the lowest revenue level which could be granted in the Commission's final order in this Docket.

9. Because this increase is entirely the result of increased gas costs, the increase shall be spread to consumers on a uniform, constant cents per Mcf basis.

CONCLUSIONS OF LAW

1. Applicant is a public utility furnishing electric and natural gas service to consumers in this state. Applicant's service and rates are subject to the regulatory jurisdiction of this Commission.

2. Revised Codes of Montana 1947, Section 70-113, as amended, provides in part "The Commission may, in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission has provided full and adequate public notice of all proceedings in this Docket.

4. The conceded rate levels and the rate structures approved herein are a reasonable means of providing interim relief to the Applicant. The rebate provision of Section 70-113 is a safeguard against any charges approved herein which might ultimately be determined unreasonable.

ORDER

THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Applicant shall submit for Commission approval natural gas rate schedules effective for services rendered after November 1, 1977, which will generate the revenues conceded by the Montana Consumer Counsel to be justified, as stated in Findings No. 6, less any natural gas revenues to be collected under Applicant's contracts with its industrial gas customers.

2. The increase granted herein is subject to rebate should the final Order in this Docket determine that a lesser increase than authorized by this Order is required.

3. In the event a rebate is directed by the final Order in this Docket, provision shall be made in that Order to cause all uncollected rebates to be escheated to the State of Montana in the manner provided by law. Any rebate ordered shall bear an interest rate of 10% on an annual basis from the time collected.

DONE IN OPEN SESSION this 31st day of October, 1977, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Gordon E. Bollinger, Chairman

P.J. Gilfeather, Commissioner

Thomas J. Schneider, Commissioner

James R. Shea, Commissioner

George Turman, Commissioner

ATTEST

Gail E. Behan
Secretary

(SEAL)

NOTICE: You are entitled to judicial review of this Order. Judicial review may be obtained by filing within thirty (30) days from the service of this Order a petition for review pursuant to Section 82-4216, RCM 1947.